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C O N F I D E N T I A L SECTION 01 OF 03 DAMASCUS 000093

SIPDIS

DEPARTMENT FOR NEA/ELA AND ECA/PE/V/R
LONDON FOR MILLER, PARIS FOR NOBLES

E.O. 12958: DECL: 02/01/2020
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KPAO, OEXC, SCUL, SY
SUBJECT: GOVERNOR IYAD GHAZAL OUTLINES HIS "DREAM OF HOMES"

Classified By: CDA Charles Hunter for reasons 1.4 (b) and (d)

¶1. (C) Summary: Homs Governor Iyad Ghazal waxed poetic on his vision of economic/social/political revival that he romantically called the "Dream of Homs" during a January 26 meeting with the Chargé in Homs. Two key elements stood at the "dream's" center: (1) the development of an industrial park in Hissyah (45 kilometers south of Homs); and (2) President Asad's assurance that some administrative powers over economic development that were once the sole province of the central government would devolve to the Governors as part of a SARG move toward greater decentralization. Ghazal detailed a voluminous list of ongoing projects and studies to be used in developing "industrial cities," decreasing corruption, increasing efficiency in granting business licenses through an E-government project, streamlining administrative procedures (especially in the health care sector), and stimulating a new culture of partnership between citizens and the Homs government. End summary.

Background on Homs

¶2. (SBU) The Homs Governate, the largest of Syria's governate at approximately 42,000 square kilometers, is situated in the center of the country, shares borders with Iraq and Lebanon, and is home to a number of national heritage sites, including Palmyra and the Crac des Chevaliers. The capital of the governate is the city of Homs, which dates back to around 2300 BC. According to Ghazal, the governate has a population of around two million people, with an additional two million "Homsy" living abroad. Traditionally known for agricultural production, (e.g., dairy, poultry, sheep, wheat, sugar beets) as well as for its oil refinery, Homs has experienced an increase of new industry in recent years, especially since Legislative Decree No. 57 (2004) set forth guidelines for the creation of industrial cities. Energized by the new decree, Ghazal explained his office had launched a series of strategic research studies to assess where and how to maximize economic development projects that would, he proclaimed, make "the Dream of Homs" a reality. In 2009, Legislative Decree No. 52 designated Homs as headquarters for the Federation of Chambers of Industry.

New Autonomy?

¶3. (C) Ghazal recalled how during a meeting between President Asad and Syria's governors in 2005, the president directed them to "pay more attention to strategic studies." Governors in the past, he contended, had not had the power to initiate studies of this sort; that had been the purview of the

central ministries. Asad's directive provided the impetus for the governate to commence a round of development-oriented studies that would, Ghazal said, direct his office's future efforts in reshaping administrative and businesses practices.

At the same time, the governor emphasized the central government's role in approving all future projects. He characterized these studies as "incentives for reform," but noted that while many decisions would be made at the local level, the "huge, positive impact of the central government" should not be underestimated.

The Dream of Homs: Administrative Reform

14. (C) Ghazal characterized the "Dream of Homs" as first and foremost rising out of, and playing a role in, the central government's five-year plan. The "industrial cities decree," however, had given local governments greater concrete administrative powers than they had previously enjoyed, he added. Without detailing precisely what new powers were ceded to the governates, the governor described a number of proposals in which the governate seemed to wield primary authority. Homs had begun a broad administrative reform initiative featuring an "E-government" program to simplify licensing and administrative procedures for both business investment and the management of certain public sector operations.

15. (C) Ghazal cited a 2004 UNDP report that stated the average length of time to process a business license in Syria was 680 days. With a new E-government on-line application

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procedure, "we will shrink 680 days to half an hour," Ghazal exclaimed. (Comment: From the governor's description, the application procedure appeared to apply exclusively to individuals seeking investment opportunities inside the industrial city of Hissyah. End comment.) Using the E-government site, an entrepreneur could learn about available real estate plots and fill out the appropriate application for license and land-use permission in the space of 30 minutes. Another 15 days of processing would be needed, Ghazal continued, before the entrepreneur would receive the formal go-ahead to begin development. Inside the industrial city, "the land is free," the governor said. Investors needed only "pay for the infrastructure." The new system also streamlined the multiple licensing costs into a single fee payment. This new payment structure would, the governor asserted, "cancel 90 percent of the corruption" that had attended the fee-paying process in previous years. Begun in 2006, the E-government program would yet require two years before full implementation, Ghazal said.

16. (C) The health care sector, heavily subsidized by the central government, would be another area of focus for administrative reform, the governor continued. Based on governate-directed research, he hoped to amend health care at the local level to ensure better service without a fee increase. Additionally, Ghazal outlined reforms in education and waste management at the village level. The biggest challenge, though, was his goal to relocate the oil refinery, currently west of Homs city, to the east so as to reduce the wind-borne pollution plaguing Homs. Ghazal noted that three years ago the central government introduced a plan to refurbish the refinery for approximately \$800,000,000. The governate, armed with land-use data, real estate value (the refinery plot is worth \$500,000,000, according to Ghazal) plus the long term pollution costs, successfully lobbied the central government to cancel the plan on the grounds that the costs outweighed the benefits, thereby clearing the way for the governate's relocation proposal.

In Praise of Public Diplomacy

¶7. (SBU) Governor Ghazal expressed his admiration for a recent International Visitor Program in which a delegation of Syrians, including Reem Balbaaki, an engineer who works in Ghazal's administration, traveled to the U.S. to meet with public-policy institutes, several U.S. governors, and the Army Corps of Engineers for consultations on urban planning and water management. Ghazal praised the program as having provided a blueprint for future Syrian-based policy institutes that could train the next generation of local leaders. "We know we have a problem regarding qualifications of heads of municipalities, especially in rural areas. Very often the best candidates move to larger cities, leaving us with few choices," Ghazal lamented. Better training, he suggested, would help fill the knowledge gap.

¶8. (SBU) The delegation's meeting with the Army Corps of Engineers about water management was, the governor noted, of great significance. He argued Homs needed to focus more intensely on water issues, including crop types and irrigation practices. "It's illogical that we plant tomatoes in the desert," he complained. The problem with bringing about change lay in what he described as the "narrow mentality" of rural farmers. Small landholders "only consider the family's situation," and not the overall cost certain crops exact on the terrain and water supply, he explained. The governor expected a recent decree that no summer vegetables be planted in the desert would help rein in the problem.

Chicago's Future Sister City?

¶9. (SBU) Ghazal informed us that he had been in correspondence with Chicago Mayor Richard Daley's office about the possibility of starting a sister city program. Mohammad Zuhur, a "Homsy" living in Chicago, chairman of the Islamic Organizations of Chicago and head of the Syrian-American Medical Association, had reportedly conveyed Mayor Daley's "desire for a sister city relationship" to Governor Ghazal's office. Ghazal, in turn, invited the mayor to attend a hot-air balloon competition in Tadmur and then sign a memorandum of understanding. Daley, who at the time

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of the balloon festival was slated to be in Amman, Jordan, was unable to make the trip to Syria. Despite this initial setback, Ghazal looked forward to future cooperation with the mayor's office. (Note: In our effort to follow up on this information, we learned from one of the governor's staffers that there had been no direct correspondence between the governor and the mayor. Rather, correspondence had passed through a "third party" (NFI). End note.)

¶10. (SBU) In the interest of future cultural exchanges between Syria and the U.S., the governor, on two different occasions, seriously pressed the Charg to bring pop song-and-dance sensation Shakira to the 2010 Tadmur Festival in Palmyra. Without raising the irony that Shakira was a Colombian of Lebanese extraction and probably not a U.S. citizen, the Charg tactfully demurred on budgetary grounds.

¶11. (C) Comment: The Governor's ambitions for Homs's future are clear and he has evidently placed much faith in the many studies that will ultimately help determine when, where, and how to implement new social, agricultural, economic, and infrastructure development. Throughout our visit to Homs, however, we heard from several local businessmen that "the Dream of Homs" would never be realized, that the people of Homs were unconvinced by the governor's reform strategies, and that the governor himself was corrupt. Throughout the meeting, Ghazal never once mentioned the presence of the National Sugar Company (NSC), a state-of-the art sugar refinery that represents the single largest U.S. business investment in Syria through Cargill's minority shareholding.

We suspect his oversight was purposeful -- the NSC had refused to build inside the industrial city, in part due to water supply problems. When the governor attempted to block the company's licensing for building on its current site just north of Homs, the NSC reportedly appealed directly to the Asad family for relief, and won it.

¶12. (C) Comment continued: Despite the governor's loss on this front, we assess that limited economic and administrative power appears to have been delegated to governors and may, in the future, extend further to other municipal leaders. It remains to be seen, however, whether the central government's ministries in Damascus will allow this decentralization of power to effect reform without the ministries' direct participation. End comment.

HUNTER